

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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In re : Chapter 11
: Case No. 22-10906 (MFW)
PHOENIX SERVICES TOPCO, LLC, et al., :
Debtors.¹ : (Jointly Administered)
: Re: Docket No. 805
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**DECLARATION OF ROBERT RICHARD IN SUPPORT OF MOTION OF
DEBTORS FOR ENTRY OF AN ORDER AUTHORIZING DEBTORS TO ENTER INTO
PREMIUM FINANCE AGREEMENT AND TO PROVIDE ADEQUATE ASSURANCE**

I, Robert Richard, under penalty of perjury, declare as follows:

1. I am the Chief Financial Officer (“CFO”) of Phoenix Services Topco, LLC and its debtor affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “**Debtors**,” and together with their non-Debtor affiliates, the “**Company**”). In my capacity as CFO, I am knowledgeable about and familiar with the Debtors’ day-to-day operations, business and financial affairs, books and records, and circumstances leading to the commencement of these chapter 11 cases. On September 27, 2022, I submitted the *Declaration of Robert Richard in Support of Debtors’ Chapter 11 Petitions and First Day Relief* (Docket No. 13) (the “**First Day Declaration**”).

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Phoenix Services Topco, LLC (4517); Phoenix Services Parent, LLC (8023); Phoenix Services Holdings Corp. (1330); Phoenix Services International LLC (6493); Metal Services LLC (8793); Terracentric Materials LLC (0673); Cool Springs LLC (8687); Metal Services Investment LLC (2924); and Phoenix Receivables, LLC (not applicable). The Debtors’ mailing address is 4 Radnor Corporate Center, Suite 520, 100 Matsonford Road, Radnor, Pennsylvania 19087.

2. This declaration (the “**Declaration**”) is made in support of the *Motion of Debtors for Entry of an Order Authorizing Debtors to Enter into Premium Finance Agreement and to Provide Adequate Assurance* (the “**Motion**”),² by which Debtors are requesting entry of an order approving and authorizing entry into a new premium finance agreement (the “**Premium Finance Agreement**”) with Aon Premium Finance, LLC (“**APF**”) and FIRST Insurance Funding, a Division of Lake Forest Bank & Trust Company, N.A. (“**FIRST**”).

3. Except as otherwise indicated, all facts set forth in this Declaration are based upon (i) my personal experience and knowledge; (ii) my discussions with the Debtors’ management, professionals, employees, or advisors; (iii) my review of relevant documents; or (iv) my experience, knowledge, and information concerning the Company’s operations and the steel mill services industry. I am familiar with the structure of the Debtors’ prepetition insurance programs and the proposed Premium Finance Agreement. I am authorized to submit this Declaration. If called to testify, I could and would testify to each of the facts and opinions set forth herein.

4. Certain of the Debtors’ insurance policies (the “**Policies**”) are set to expire on May 30, 2023 and the Debtors intend to finance certain new Policies (the “**Financed Policies**”) to replace such Policies pursuant to the Premium Finance Agreement, including for, among others: workers’ compensation insurance programs, automobile insurance and excess liability.

5. I believe, where feasible, it is economically beneficial for the Debtors to finance the premiums on the Financed Policies rather than pay them in a lump-sum. Under the Financed Policies, the Debtors are required to pay the entire amount of the premium at the commencement

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

of the coverage period, May 30, 2023, and without such payment, the Debtors' insurers would not provide insurance coverage.

6. The Debtors are prepared to execute the Premium Finance Agreement for the financing of the Financed Policies upon court approval.

7. Pursuant to the Premium Finance Agreement, APF and FIRST will provide financing to the Debtors for the purchase of the Financed Policies which are essential for the operation of the Debtors' business. Under the Premium Finance Agreement, the total premium amount is \$1,236,792.56 and the total amount to be financed is \$803,915.16. Under the Premium Finance Agreement, the Debtors will become obligated to pay APF and FIRST the sum of \$23,471.63 in addition to a down payment in the amount of \$432,877.40 and the balance of \$827,386.79 across nine (9) monthly installments. The installment payments are due on the 30th day of each month commencing on June 30, 2023. As collateral to secure the repayment of the total of payments, any late charges, attorney's fees and costs (the "**Indebtedness**") under the Premium Finance Agreement, the Debtors are granting APF and FIRST a security interest in all sums payable to the Debtors with reference to the Financed Policies including, among other things, the gross unearned premiums of the Financed Policies.

8. In addition, the Debtors, APF and FIRST have reached an agreement that the adequate protection appropriate for this situation would be as follows:

- a. The Debtors are authorized and directed to timely make all payments due under the Premium Finance Agreement and APF and FIRST are authorized to receive and apply such payments to the Indebtedness owed by the Debtors to APF and FIRST as provided in the Premium Finance Agreement.

b. If the Debtors do not make any of the payments due under the Premium Finance Agreement as they become due, the automatic stay shall automatically lift to enable APF and FIRST and/or third parties (without further order of the Court), including insurance companies providing the coverage under the Financed Policies, to take all steps necessary and appropriate to cancel the Financed Policies, collect the collateral and apply such collateral to the Indebtedness owed to APF and FIRST by the Debtors. In exercising such rights, APF, FIRST and/or third parties shall comply with the notice and other relevant provisions of the Premium Finance Agreement and applicable law.

9. I believe that the terms of the Premium Finance Agreement are commercially fair and reasonable including the granting of a lien on the Polices to APF and FIRST. The Debtors are required to maintain adequate insurance coverage and without it, may be forced to cease operations. The Debtors have been unable to obtain unsecured credit to fund the Polices.

10. The authorization of the Premium Finance Agreement will ensure that the Debtors can continue necessary operations, and will not prejudice the legitimate interests of creditors and other parties in interest, including the Debtors' secured creditors.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my information, knowledge and belief.

Dated: May 30, 2023
Wilmington, Delaware

/s/ Robert Richard

Robert Richard
Chief Financial Officer
Phoenix Services Topco, LLC